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ACCRA FOR USAID/WATH
DEPARTMENT PASS TO USTR-AGAMA, EXIM-JRICHTER, TDA-EEBONG
TREASURY FOR PETERS AND HALL
DOC FOR 3317/ITA/OA/KBURRESS, 3130/USFC/OIO/ANESA/ DHARRIS, AND
USPTO - JKOEPPEN AND PSALMON
DOJ FOR MKOUAME
DOE FOR CGAY AND GPERSON
DOT FOR MARAD

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TAGS: [ETRD](#) [ECON](#) [EFIN](#) [EINV](#) [EAID](#) [PGOV](#) [NI](#)
SUBJECT: NIGERIA: SUCCESSFUL AGOA WORKSHOP AND SHEA BUTTER SITE
VISIT

REF: A. ABUJA 2600

- [1](#)B. ABUJA 2593
- [1](#)C. ABUJA 2403
- [1](#)D. ABUJA 2178

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SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET DISTRIBUTION

[1](#)1. (SBU) Summary. The AGOA workshop presented an opportunity for the Nigerian private sector to listen to and speak with GON and USG officials on how Nigerian exporters have benefited and can continue to benefit from AGOA. The private sector was well-represented and flexible considering the last-minute schedule changes due to speakers not showing up. GON and USAID/West Africa Trade Hub (USAID/WATH) representatives explained how Nigeria has not taken full advantage of AGOA and offered solutions to the challenges hindering increased AGOA exports. The main problems are lack of coordination between the GON and private sector, poor electricity supply and other infrastructure and insufficient assistance from the GON to exporters. The TIFA delegation visited two shea butter processors that received technical assistance from USAID/WATH to hear from rural exporters and were told that they need more USG technical assistance. End Summary.

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AGOA WORKSHOP

[1](#)2. (SBU) On December 11, in Abuja, the fifth TIFA Council meeting and an AGOA workshop took place. The U.S. delegation was led by Florizelle Liser, Assistant United States Trade Representative for Africa and included members from the Department of State, Commerce, Agriculture, and agencies ranging from the African Development Foundation to USAID Nigeria and the USAID West Africa Trade Hub. The GON delegation was led by Minister of Commerce and Industry (MCI) Charles Ugwu, with Elizabeth P.B. Emuren, Permanent Secretary (PS) at (MCI) leading the Nigerian side at the Council for most of the day-long talks.

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¶3. (SBU) In her opening remarks, Deputy Chief of Mission Lisa Piascik described how Nigeria benefits from AGOA - increased job creation, improved standard of living, improved infrastructure from meeting AGOA standards, and increased foreign exchange earnings from exports. The DCM also noted Nigeria has several major challenges to overcome to fully benefit from AGOA - fixing decaying infrastructure, an unfavorable investment climate, intermittent reversals in the economic reform process, lack of transparency in trade policy formulation, the need for building greater capacity in trade policy negotiation, better implementation and identification of trade opportunities. She underscored that the objective of the workshop was to increase Nigeria's non-oil exports to the U.S. under AGOA.

¶4. (SBU) AUSTRLISER remarked that Nigeria's non-oil exports to the U.S. were about \$1.4 million in 2006, and that Africa's share of world trade dropped from about 6% in the 1980s to less than 2% in 2006. She emphasized that if Africa could grow its share of world trade by just 1% it would translate to over \$70 billion annually in income/wealth, which is greater than annual donor aid to Africa.

¶5. (SBU) PS EMUREN said the focus of Nigeria's industrialization policy is the development of infrastructure to support industries for export and local consumption. She urged American investors to collaborate in rehabilitating or building new oil refineries in Nigeria. PS EMUREN complained that the U.S. visa issuing process is a major impediment to trade between Nigeria and the U.S. and should be improved. She also urged the USG to help Nigerian manufacturers build capacity in achieving packaging specifications and standards.

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AGOA IMPLEMENTATION AND VISION 2020

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¶6. (SBU) A.M. LAWAL, Executive Director in the Nigerian Export

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Promotion Council (NEPC), delivered comments for Minister of State for Commerce & Industry, Alhaji Ahmed Garba Bichi, who was to chair the AGOA workshop but was a no show. Lawal said AGOA has helped increase trade and promote economic development in Africa. AGOA has been particularly helpful because it has non-discriminatory policies regarding country of origin rules. He believes AGOA will assist Nigeria's dream to become one of the top 20 largest economies by 2020. Lawal identified the following sectors as where Nigeria should focus resources to increase exports - textiles and apparel products, seafood products, footwear and leather products, crafts, and agricultural products.

¶7. (SBU) LAWAL described NEPC's efforts to increase AGOA exports:
-- Providing assistance to exporters on USG certification procedures - shrimp exports.
-- Establishment of an apparel production training center in Lagos that has trained 140 people and will deliver its first batch of orders in January 2008.

¶8. (SBU) He said the key reasons for Nigeria's poor performance in increasing non-oil exports were - policy and administrative inconsistencies; inadequate infrastructure for industrial production - especially power and transportation problems; poor access to finance for SMEs; cumbersome Nigerian customs procedures; and Nigerian exporters failing to meet agreed delivery times. Lawal quipped "We must meet the standards. If other African countries can do it, we should try too."

¶9. (SBU) Participants suggested that exporters must improve on product quality, packing and labeling, increase local production capacity, and asserted the Central Bank (CBN) should initiate reforms to increase low-cost credit to SMEs. A CBN representative answered that private sector reforms started in 2004, and microfinance policies are in place to ensure that financial resources are available. He noted the CBN guarantees credit to enterprises or individuals for sums as small as 100,000 naira (70% funded by bank and 30% by individual).

¶10. (SBU) O. B. Ayeni, representing the government agency Standard of Nigeria (SON), commented that Nigerian exporters should become more knowledgeable of Nigerian standards codes to better conform to U.S. standards. She noted that the SON is willing to improve or adopt foreign standards whenever they are required to boost exports.

USAID/WA OVERVIEW OF AGOA IN NIGERIA

¶11. (SBU) A representative from the USAID/WATH explained that AGOA has not been as successful as possible in Nigeria because there has not been a coherent dialogue between the GON and private sector. A key ingredient missing in Nigeria is an AGOA coordinating committee, which improves communication between the government and private sector in other AGOA exporting countries. The USAID rep recommended that the GON and private sector focus on the market and customer to determine which products are in demand and then build capacity in relevant national institutions dedicated to promoting those exports. He cited four key areas - market research, creating acceptable product labels, excellent product packaging and advertisement, and frequent and targeted trade shows and missions.

NIGERIAN PRIVATE SECTOR PERSPECTIVE

¶12. (SBU) Representing the private sector, Asibong Eneobong, Director of the Abuja Liaison Office of the Manufacturers Association of Nigeria (MAN), remarked that his organization's immediate interest in AGOA is increasing textile/apparel exports. MAN believes supporting AGOA will stimulate and grow industrial capacity and exports. He underscored that the major impediments to manufacturers are - poor and irregular supply of electricity, the high cost of generating alternative power, disruption of the natural gas network due to vandalism and shutdowns, and the growing cost of raw material inputs such as cotton and cereals.

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¶13. (SBU) He commented that inconsistent GON policies and reforms, and non-implementation of policies have hurt manufacturers. For example, after almost two years, the GON has yet to disburse to the textile industry any portion of the 70 billion naira assistance fund. Also policies are reversed without notice and prior consultation, such as the Export Expansion Grant (EEG) abruptly suspended in 2005. Eneobong opined that the GON needed to implement consistent policies and address decay in infrastructure and transportation sectors.

VISIT TO SHEA BUTTER PRODUCERS

¶14. (SBU) On December 9 the TIFA delegation visited two shea butter producers in Minna, Niger state, who are working with USAID/WATH. The delegation observed a small scale mechanized shea processing firm in Minna township and traveled to a small farm village to examine traditional shea butter production processes. The shea processors told us that only 30% of the total available supply of nuts is collected and processed. The processors lamented that they receive larger profits from selling raw shea nuts than processing because local value for the shea butter is low. Another issue hindering production is the unreliable supply of electricity from the national grid. They noted processing shea butter with a generator is unprofitable. Another problem is that the process requires clean water and the village processors have difficulty finding clean water.

¶15. (SBU) The processors asked for technical support and training to improve their shea butter quality, a dedicated borehole to increase the supply of clean water, technical support for the quality control laboratory at the Federal University of Technology in Minna, and assistance in building a storage facility/collection center in the village. The delegation was impressed with the quality of shea butter produced, the level of organization, and cooperation between the private and public sectors.

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COMMENT

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¶16. (SBU) The AGOA workshop was well-attended by eager and interested private sector representatives who expressed strong interest in learning more about AGOA, how U.S. assistance can help and what the GON is doing to assist Nigerian exporters. Tom Herlihy, Chief of Party for the USAID/WATH expressed disappointment that the AGOA workshop Chairman, Minister of State for Commerce & Industry, Alhaji Ahmed Garba Bichi, and other speakers that had promised to participate did not appear. He was pleased with the lively participation of Nigerian business people in attendance, and noted they are interested in exporting and taking advantage of AGOA, but have questions on how to start the process.

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